

Form 1120

Department of the Treasury  
Internal Revenue Service

## U.S. Corporation Income Tax Return

For calendar year 2005 or tax year beginning \_\_\_\_\_, 2005, ending \_\_\_\_\_

▶ See separate instructions.

OMB No. 1545-0123

2005

## A Check if:

- 1 Consolidated return (attach Form 851) ... ☐  
2 Personal holding company (attach Schedule PH) ... ☐  
3 Personal service corp (see instructions) ... ☐  
4 Schedule M-3 required (attach Sch M-3) ... ☐

Use IRS label. Otherwise, print or type.

WILLINGHAM, INC.  
20008 - 244TH AVENUE SE  
MAPLE VALLEY, WA 98038

USEPA SF



1316879

## B Employer identification number

91-1940932

## C Date incorporated

7/01/1978

## D Total assets (see instructions)

\$ 171,280.

E Check if: (1) Initial return (2) Final return (3) Name change (4) Address change

INCOME	1 a	Gross receipts or sales.	560,561.	b	Less returns & allowances.		c	Balance.	1 c	560,561.
	2	Cost of goods sold (Schedule A, line 8)					2		2	153,105.
	3	Gross profit. Subtract line 2 from line 1c					3		3	407,456.
	4	Dividends (Schedule C, line 19)					4		4	
	5	Interest					5		5	
	6	Gross rents					6		6	
	7	Gross royalties					7		7	
	8	Capital gain net income (attach Schedule D (Form 1120))					8		8	
	9	Net gain or (loss) from Form 4797, Part II, line 17 (attach Form 4797)					9		9	
	10	Other income (see instructions — attach schedule)					10		10	
	11	Total income. Add lines 3 through 10					11		11	407,456.
DEDUCTIONS SEE INSTRUCTIONS	12	Compensation of officers (Schedule E, line 4)				12		12	48,000.	
	13	Salaries and wages (less employment credits)				13		13	61,716.	
	14	Repairs and maintenance				14		14		
	15	Bad debts				15		15		
	16	Rents				16		16	54,641.	
	17	Taxes and licenses				17		17	16,475.	
	18	Interest				18		18		
	19	Charitable contributions (see instructions for 10% limitation)				19		19		
	20 a	Depreciation (attach Form 4562)		20 a	3,444.					
	b	Less depreciation claimed on Schedule A and elsewhere on return		20 b			20 c	3,444.		
	21	Depletion				21		21		
	22	Advertising				22		22		
	23	Pension, profit-sharing, etc, plans				23		23		
	24	Employee benefit programs				24		24	4,000.	
	25	Domestic production activities deduction (attach Form 8903)				25		25	116.	
	26	Other deductions (attach schedule)			SEE. STATEMENT 1	26		26	76,976.	
	27	Total deductions. Add lines 12 through 26				27		27	265,368.	
	28	Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11				28		28	142,088.	
	29	Less: a Net operating loss deduction (see instructions)		29 a	138,322.					
b	Special deductions (Schedule C, line 20)		29 b			29 c	138,322.			
TAX AND PAYMENTS	30	Taxable income. Subtract line 29c from line 28 (see instructions if Sch C, line 12, was completed)				30		30	3,766.	
	31	Total tax (Schedule J, line 11)				31		31	565.	
	32	Payments: a 2004 overpayment credited to 2005	32 a							
	b	2005 estimated tax payments	32 b	5,000.						
	c	Less 2005 refund applied for on Form 4466	32 c			d Bal▶	32 d	5,000.		
	e	Tax deposited with Form 7004				32 e				
	f	Credits: (1) Form 2439 (2) Form 4136				32 f				
	33	Estimated tax penalty (see instructions). Check if Form 2220 is attached				33		33		
	34	Tax due. If line 32g is smaller than the total of lines 31 and 33, enter amount owed				34		34		
	35	Overpayment. If line 32g is larger than the total of lines 31 and 33, enter amount overpaid				35		35	4,435.	
36	Enter amount of line 35 you want: Credited to 2006 estimated tax			4,435.	Refunded▶	36		0.		

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

May the IRS discuss this return with the preparer shown below? (see inst)

☒ Yes ☐ No

Signature of officer

Date

Title

Paid Preparer's Use Only

Preparer's signature

Date

Check if self-employed ☐

Preparer's SSN or PTIN

Firm's Name (or yours if self-employed), address, and ZIP code

WILLIAM H. BRATTON, CPA  
25022 104TH AVE SE, SUITE E  
KENT, WA 98030

EIN 91-1347623

Phone no. (253) 854-7990



**Schedule A Cost of Goods Sold** (see instructions)

1	Inventory at beginning of year	1	-
2	Purchases	2	149,012.
3	Cost of labor	3	
4	Additional Section 263A costs (attach schedule)	4	
5	Other costs (attach schedule)	5	SEE STATEMENT 3 4,093.
6	<b>Total.</b> Add lines 1 through 5	6	153,105.
7	Inventory at end of year	7	
8	<b>Cost of goods sold.</b> Subtract line 7 from line 6. Enter here and on page 1, line 2	8	153,105.

9a Check all methods used for valuing closing inventory:

(i) ☒ Cost(ii) ☐ Lower of cost or market(iii) ☐ Other (Specify method used and attach explanation.)

b Check if there was a writedown of subnormal goods

c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970)

d If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO

9d

e If property is produced or acquired for resale, do the rules of section 263A apply to the corporation? ☐ Yes ☒ Nof Was there any change in determining quantities, cost, or valuations between opening and closing inventory? If 'Yes,' attach explanation. ☐ Yes ☒ No**Schedule C Dividends and Special Deductions** (see instructions)

	(a) Dividends received	(b) Percentage	(c) Special deductions (a) x (b)
1 Dividends from less-than-20%-owned domestic corporations (other than debt-financed stock)		70	
2 Dividends from 20%-or-more-owned domestic corporations (other than debt-financed stock)		80	
3 Dividends on debt-financed stock of domestic and foreign corporations		SEE INSTR.	
4 Dividends on certain preferred stock of less-than-20%-owned public utilities		42	
5 Dividends on certain preferred stock of 20%-or-more-owned public utilities		48	
6 Dividends from less-than-20%-owned foreign corporations and certain FSCs		70	
7 Dividends from 20%-or-more-owned foreign corporations and certain FSCs		80	
8 Dividends from wholly owned foreign subsidiaries		100	
9 <b>Total.</b> Add lines 1 through 8. See instructions for limitation			
10 Dividends from domestic corporations received by a small business investment company operating under the Small Business Investment Act of 1958		100	
11 Dividends from affiliated group members and certain FSCs		100	
12 Dividends from controlled foreign corporations (attach Form 8895)		85	
13 Dividends from foreign corporations not included on lines 3, 6, 7, 8, 11, or 12			
14 Income from controlled foreign corporations under subpart F (attach Form(s) 5471)			
15 Foreign dividend gross-up			
16 IC-DISC and former DISC dividends not included on lines 1, 2, or 3			
17 Other dividends			
18 Deduction for dividends paid on certain preferred stock of public utilities			
19 <b>Total dividends.</b> Add lines 1 through 17. Enter here and on page 1, line 4			
20 <b>Total special deductions.</b> Add lines 9, 10, 11, 12, and 18. Enter here and on page 1, line 29b			

**Schedule E Compensation of Officers** (see instructions for page 1, line 12)

Note: Complete Schedule E only if total receipts (line 1a plus lines 4 through 10 on page 1) are \$500,000 or more.

1	(a) Name of officer	(b) Social security number	(c) Percent of time devoted to business	Percent of corporation stock owned		(f) Amount of compensation
				(d) Common	(e) Preferred	
	JASON B WILLINGHAM	532-88-4836	100 %	100 %	0.00 %	48,000.
			%	%	%	
			%	%	%	
			%	%	%	
			%	%	%	
2	<b>Total compensation of officers.</b>					48,000.
3	<b>Compensation of officers claimed on Schedule A and elsewhere on return</b>					
4	<b>Subtract line 3 from line 2. Enter the result here and on page 1, line 12</b>					48,000.



**Schedule J Tax Computation** (see instructions)

1 Check if the corporation is a member of a controlled group. ☐ **Important:** Members of a controlled group, see instructions.

2a If the box on line 1 is checked, enter the corporation's share of the \$50,000, \$25,000, & \$9,925,000 taxable income brackets (in that order):  
 (1) \$ (2) \$ (3) \$

b Enter the corporation's share of: (1) Additional 5% tax (not more than \$11,750) \$  
 (2) Additional 3% tax (not more than \$100,000) \$

3 Income tax. Check if a qualified personal service corporation (see instructions) ☐ **3** 565.

4 Alternative minimum tax (attach Form 4626) **4**

5 Add lines 3 and 4. **5** 565.

6a Foreign tax credit (attach Form 1118) **6a**

b Possessions tax credit (attach Form 5735) **6b**

c Credits from: ☐ Form 8834 ☐ Form 8907, line 23 **6c**

d General business credit. Check box(es) and indicate which forms are attached.  
☐ Form 3800 ☐ Form(s) (specify) **6d**

e Credit for prior year minimum tax (attach Form 8827) **6e**

f Bond credits from: ☐ Form 8860 ☐ Form 8912 **6f**

7 **Total credits.** Add lines 6a through 6f **7**

8 Subtract line 7 from line 5. **8** 565.

9 Personal holding company tax (attach Schedule PH (Form 1120)) **9**

10 Other taxes. ☐ Form 4255 ☐ Form 8611 ☐ Form 8697  
 Check if from: ☐ Form 8866 ☐ Form 8902 ☐ Other (att schedule) **10**

11 **Total tax.** Add lines 8 through 10. Enter here and page 1, line 31. **11** 565.

COPY

**Schedule K Other Information** (see instructions)

	Yes	No		Yes	No
1 Check accounting method: a <input type="checkbox"/> Cash b <input checked="" type="checkbox"/> Accrual c <input type="checkbox"/> Other (specify) _____			7 At any time during the tax year, did one foreign person own, directly or indirectly, at least 25% of (a) the total voting power of all classes of stock of the corporation entitled to vote or (b) the total value of all classes of stock of the corporation? If 'Yes,' enter: (a) Percentage owned _____ and (b) Owner's country _____		X
2 See the instructions and enter the: a Business activity code no. <u>811420</u> b Business activity <u>INSTALLER</u> c Product or service <u>UPHOLSTERY</u>			c The corporation may have to file Form 5472, Information Return of a 25% Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business. Enter number of Forms 5472 attached _____		
3 At the end of the tax year, did the corporation own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).) If 'Yes,' attach a schedule showing: (a) name and employer identification number (EIN), (b) percentage owned, and (c) taxable income or (loss) before NOL and special deductions of such corporation for the tax year ending with or within your tax year.		X	8 Check this box if the corporation issued publicly offered debt instruments with original issue discount <input type="checkbox"/> If checked, the corporation may have to file Form 8281, Information Return for Publicly Offered Original Issue Discount Instruments.		
4 Is the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group? If 'Yes,' enter name and EIN of the parent corporation _____		X	9 Enter the amount of tax-exempt interest received or accrued during the tax year. \$ NONE		
5 At the end of the tax year, did any individual, partnership, corporation, estate or trust own, directly or indirectly, 50% or more of the corporation's voting stock? (For rules of attribution, see section 267(c).) If 'Yes,' attach a schedule showing name and identifying number. (Do not include any information already entered in 4 above.) Enter % owned _____		X	10 Enter the number of shareholders at the end of the tax year (if 100 or fewer) <u>2</u>		
6 During this tax year, did the corporation pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See sections 301 and 316.) If 'Yes,' file Form 5452, Corporate Report of Nondividend Distributions. If this is a consolidated return, answer here for the parent corporation and on Form 851, Affiliations Schedule, for each subsidiary.		X	11 If the corporation has an NOL for the tax year and is electing to forego the carryback period, check here <input type="checkbox"/> If the corporation is filing a consolidated return, the statement required by Temporary Regulations section 1.1502-21T(b)(3) must be attached or the election will not be valid.		
			12 Enter the available NOL carryover from prior tax years (Do not reduce it by any deduction on line 29a.) \$ <u>138,322</u>		
			13 Are the corporation's total receipts (line 1a plus lines 4 through 10 on page 1) for the tax year and its total assets at the end of the tax year less than \$250,000? If 'Yes,' the corporation is not required to complete Schedules L, M-1, and M-2 on page 4. Instead, enter the total amount of cash distributions and the book value of property distributions (other than cash) made during the tax year. \$ _____		X

**Note:** If the corporation, at any time during the tax year, had assets or operated a business in a foreign country or U.S. possession, it may be required to attach **Schedule N (Form 1120)**, Foreign Operations of U.S. Corporations, to this return. See Schedule N for details.



Note: The corporation is not required to complete Schedules L, M-1 and M-2 if Question 13 on Schedule K is answered 'Yes.'

**Schedule L Balance Sheets per Books**

	Beginning of tax year		End of tax year	
	(a)	(b)	(c)	(d)
<b>Assets</b>				
1 Cash .....		106.		82,612.
2a Trade notes and accounts receivable .....	12,891.		36,829.	
b Less allowance for bad debts .....		12,891.		36,829.
3 Inventories .....				
4 U.S. government obligations .....				
5 Tax-exempt securities (see instructions) .....				
6 Other current assets (attach schedule) ... SEE ST. 4		178.		5,074.
7 Loans to shareholders ... SEE ST. 5				17,500.
8 Mortgage and real estate loans .....				
9 Other investments (attach schedule) ... SEE ST. 6		8,174.		13,174.
10a Buildings and other depreciable assets .....	119,854.		135,589.	
b Less accumulated depreciation .....	116,054.	3,800.	119,498.	16,091.
11a Depletable assets .....				
b Less accumulated depletion .....				
12 Land (net of any amortization) .....				
13a Intangible assets (amortizable only) .....				
b Less accumulated amortization .....				
14 Other assets (attach schedule) .....				
15 Total assets .....		25,149.		171,280.
<b>Liabilities and Shareholders' Equity</b>				
16 Accounts payable .....		10,261.		15,963.
17 Mortgages, notes, bonds payable in less than 1 year .....				
18 Other current liabilities (attach sch) ... SEE ST. 7		633.		
19 Loans from shareholders .....		905.		905.
20 Mortgages, notes, bonds payable in 1 year or more .....				
21 Other liabilities (attach schedule) .....				
22 Capital stock: a Preferred stock .....				
b Common stock .....	1,000.	1,000.	1,000.	1,000.
23 Additional paid-in capital .....		5,535.		5,535.
24 Retained earnings — Approp (att sch) .....				
25 Retained earnings — Unappropriated .....		6,815.		147,877.
26 Adjmnt to shareholders' equity (att sch) .....				
27 Less cost of treasury stock .....				
28 Total liabilities and shareholders' equity .....		25,149.		171,280.

**Schedule M-1 Reconciliation of Income (Loss) per Books With Income per Return (see instructions)**

1 Net income (loss) per books .....	141,062.	7 Income recorded on books this year not included on this return (itemize):	
2 Federal income tax per books .....	565.	Tax-exempt interest \$	
3 Excess of capital losses over capital gains .....			
4 Income subject to tax not recorded on books this year (itemize):			
5 Expenses recorded on books this year not deducted on this return (itemize):		8 Deductions on this return not charged against book income this year (itemize):	
a Depreciation .....	\$	a Depreciation .....	\$
b Charitable contributions .....	\$	b Charitable contribns .....	\$
c Travel & entertainment .....	320.	SEE STMT 9	116.
STATEMENT 8	257.		116.
	577.	9 Add lines 7 and 8 .....	116.
6 Add lines 1 through 5 .....	142,204.	10 Income (page 1, line 28) — line 6 less line 9 .....	142,088.

**Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L)**

1 Balance at beginning of year .....	6,815.	5 Distributions .....	a Cash ...
2 Net income (loss) per books .....	141,062.	b Stock	c Property ..
3 Other increases (itemize):		6 Other decreases (itemize):	
4 Add lines 1, 2, and 3 .....	147,877.	7 Add lines 5 and 6 .....	
		8 Balance at end of year (line 4 less line 7) .....	147,877.



**SCHEDULE D**  
**(Form 1120)**

Department of the Treasury  
Internal Revenue Service

**Capital Gains and Losses**

► Attach to Form 1120, 1120-A, 1120-F, 1120-FSC, 1120-H,  
1120-IC-DISC, 1120-L, 1120-ND, 1120-PC, 1120-POL, 1120-REIT,  
1120-RIC, 1120-SF, 990-C, or certain Forms 990-T.

OMB No. 1545-0123

**2005**

Name

**WILLINGHAM, INC.**

Employer identification number

**91-1940932**

**Part I Short-Term Capital Gains and Losses — Assets Held One Year or Less**

(a) Description of property (Example, 100 shares of Z Co)	(b) Date acquired (month, day, year)	(c) Date sold (month, day, year)	(d) Sales price (see instructions)	(e) Cost or other basis (see instructions)	(f) Gain or (loss) (Subtract (e) from (d))
1					
2	Short-term capital gain from installment sales from Form 6252, line 26 or 37				2
3	Short-term gain or (loss) from like-kind exchanges from Form 8824				3
4	Unused capital loss carryover (attach computation) SEE. STATEMENT 10.				4 -7,658.
5	Net short-term capital gain or (loss). Combine lines 1 through 4.				5 -7,658.

**Part II Long-Term Capital Gains and Losses — Assets Held More Than One Year**

6					
7	Enter gain from Form 4797, line 7 or 9				7
8	Long-term capital gain from installment sales from Form 6252, line 26 or 37				8
9	Long-term gain or (loss) from like-kind exchanges from Form 8824				9
10	Capital gain distributions (see instructions)				10
11	Net long-term capital gain or (loss). Combine lines 6 through 10				11

**Part III Summary of Parts I and II**

12	Enter excess of net short-term capital gain (line 5) over net long-term capital loss (line 11)	12	
13	Net capital gain. Enter excess of net long-term capital gain (line 11) over net short-term capital loss (line 5)	13	
14	Add lines 12 and 13. Enter here and on Form 1120, page 1, line 8, or the proper line on other returns	14	0.

**Note:** If losses exceed gains, see **Capital losses** in the instructions.

**BAA For Privacy Act and Paperwork Reduction Act Notice, see the Instructions for Forms 1120 and 1120-A.**

**Schedule D (Form 1120) 2005**



Form **4562**

(Rev. January 2006)

Department of the Treasury  
Internal Revenue Service**Depreciation and Amortization**  
**(Including Information on Listed Property)**

▶ See separate instructions. ▶ Attach to your tax return.

OMB No. 1545-0172

**2005**Attachment  
Sequence No. **67**

Name(s) shown on return

**WILLINGHAM, INC.**

Identifying number

**91-1940932**

Business or activity to which this form relates

**FORM 1120****Part I Election To Expense Certain Property Under Section 179***Note: If you have any listed property, complete Part V before you complete Part I.*

1	Maximum amount. See the instructions for a higher limit for certain businesses.	1	\$105,000.
2	Total cost of section 179 property placed in service (see instructions).	2	
3	Threshold cost of section 179 property before reduction in limitation.	3	\$420,000.
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-.	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions.	5	
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
7	Listed property. Enter the amount from line 29.	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7.	8	
9	Tentative deduction. Enter the <b>smaller</b> of line 5 or line 8.	9	
10	Carryover of disallowed deduction from line 13 of your 2004 Form 4562.	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instrs.).	11	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11.	12	
13	Carryover of disallowed deduction to 2006. Add lines 9 and 10, less line 12.	13	

**Note:** Do not use Part II or Part III below for listed property. Instead, use Part V.**Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.)** (See instructions.)

14	Special allowance for certain aircraft, certain property with a long production period, and qualified New York Liberty or GO Zone property (other than listed property) placed in service during the tax year (see instrs.).	14	
15	Property subject to section 168(f)(1) election.	15	
16	Other depreciation (including ACRS).	16	

**Part III MACRS Depreciation (Do not include listed property.)** (See instructions.)**Section A**

17	MACRS deductions for assets placed in service in tax years beginning before 2005.	17	
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here.		

**Section B — Assets Placed in Service During 2005 Tax Year Using the General Depreciation System**

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only — see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property		15,735.	5	HY	200DB	1,924.
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs		S/L	
h Residential rental property			27.5 yrs	MM	S/L	
i Nonresidential real property			27.5 yrs	MM	S/L	
			39 yrs	MM	S/L	

**Section C — Assets Placed in Service During 2005 Tax Year Using the Alternative Depreciation System**

20a Class life				S/L	
b 12-year		12 yrs		S/L	
c 40-year		40 yrs	MM	S/L	

**Part IV Summary** (see instructions)

21	Listed property. Enter amount from line 28.	21	1,520.
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations — see instructions.	22	3,444.
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs.	23	

**BAA For Paperwork Reduction Act Notice, see separate instructions.**

FDIZ0812L 12/29/05

Form **4562** (2005) (Rev 1-2006)



**Part V Listed Property** (Include automobiles, certain other vehicles, cellular telephones, certain computers, and property used for entertainment, recreation, or amusement.)

**Note:** For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete **only** 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

**Section A — Depreciation and Other Information** (Caution: See the instructions for limits for passenger automobiles.)

24a Do you have evidence to support the business/investment use claimed? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No								24b If 'Yes,' is the evidence written? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/Convention	(h) Depreciation deduction	(i) Elected section 179 cost	
25 Special allowance for certain aircraft, certain property with a long production period, and qualified New York Liberty or GO Zone property placed in service during the tax year and used more than 50% in a qualified business use (see instructions).....							25		
26 Property used more than 50% in a qualified business use:									
BUS	7/01/91	100.0	35,000.	25,000.	5.0	200DB HY			
TRAILER	6/01/93	100.0	5,705.	5,705.	5.0	200DB HY			
TRUCK	12/19/04	100.0	8,000.	4,000.	5.0	200DB MQ	1,520.		
27 Property used 50% or less in a qualified business use:									
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1.....							28	1,520.	
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1.....							29	0.	

**Section B — Information on Use of Vehicles**

Complete this section for vehicles used by a sole proprietor, partner, or other 'more than 5% owner,' or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
30 Total business/investment miles driven during the year (do not include commuting miles).....												
31 Total commuting miles driven during the year.....												
32 Total other personal (noncommuting) miles driven.....												
33 Total miles driven during the year. Add lines 30 through 32.....												
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
34 Was the vehicle available for personal use during off-duty hours?.....												
35 Was the vehicle used primarily by a more than 5% owner or related person?.....												
36 Is another vehicle available for personal use?.....												

**Section C — Questions for Employers Who Provide Vehicles for Use by Their Employees**

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons (see instructions).

	Yes	No
37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?.....		
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners.....		
39 Do you treat all use of vehicles by employees as personal use?.....		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?.....		
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions).....		

**Note:** If your answer to 37, 38, 39, 40, or 41 is 'Yes,' do not complete Section B for the covered vehicles.

**Part VI Amortization**

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2005 tax year (see instructions):					
43 Amortization of costs that began before your 2005 tax year.....					43
44 Total. Add amounts in column (f). See instructions for where to report.....					44



**Domestic Production Activities Deduction**

► Attach to your tax return. ► See separate instructions.

**2005**Attachment  
Sequence No. **143**

Name(s) as shown on return

**WILLINGHAM, INC.**

Identifying number

**91-1940932**

<b>1</b>	Domestic production gross receipts .....	<b>1</b>	<b>560,561.</b>										
<b>2</b>	Allocable cost of goods sold .....	<b>2</b>											
<b>3</b>	Directly allocable deductions, expenses, or losses .....	<b>3</b>											
<b>4</b>	Indirectly allocable deductions, expenses, or losses .....	<b>4</b>	<b>418,357.</b>										
<b>5</b>	Add lines 2 through 4 .....	<b>5</b>	<b>418,357.</b>										
<b>6</b>	Subtract line 5 from line 1 .....	<b>6</b>	<b>142,204.</b>										
<b>7</b>	<table border="1"> <thead> <tr> <th>If you are a —</th> <th>Then enter the total qualified production activities income from —</th> </tr> </thead> <tbody> <tr> <td><b>a</b> Shareholder....</td> <td>Schedule K-1 (Form 1120S), box 12, code Q .....</td> </tr> <tr> <td><b>b</b> Partner .....</td> <td>Schedule K-1 (Form 1065), box 13, code U .....</td> </tr> <tr> <td></td> <td>Schedule K-1 (Form 1065-B), box 9, code S2 .....</td> </tr> <tr> <td><b>c</b> Beneficiary .....</td> <td>Schedule K-1 (Form 1041), box 14, code C .....</td> </tr> </tbody> </table>	If you are a —	Then enter the total qualified production activities income from —	<b>a</b> Shareholder....	Schedule K-1 (Form 1120S), box 12, code Q .....	<b>b</b> Partner .....	Schedule K-1 (Form 1065), box 13, code U .....		Schedule K-1 (Form 1065-B), box 9, code S2 .....	<b>c</b> Beneficiary .....	Schedule K-1 (Form 1041), box 14, code C .....	<b>7</b>	
If you are a —	Then enter the total qualified production activities income from —												
<b>a</b> Shareholder....	Schedule K-1 (Form 1120S), box 12, code Q .....												
<b>b</b> Partner .....	Schedule K-1 (Form 1065), box 13, code U .....												
	Schedule K-1 (Form 1065-B), box 9, code S2 .....												
<b>c</b> Beneficiary .....	Schedule K-1 (Form 1041), box 14, code C .....												
<b>8</b>	<b>Qualified production activities income.</b> Add lines 6 and 7. If zero or less, enter -0- here, skip lines 9 through 15, and enter -0- on line 16 .....	<b>8</b>	<b>142,204.</b>										
<b>9</b>	<b>Income limitation (see instructions):</b> <ul style="list-style-type: none"> <li>Individuals, estates, and trusts. Enter your adjusted gross income figured without the domestic production activities deduction .....</li> <li>All others. Enter your taxable income figured without the domestic production activities deduction (tax-exempt organizations, see instructions) .....</li> </ul>	<b>9</b>	<b>3,882.</b>										
<b>10</b>	Enter the smaller of line 8 or line 9. If zero or less, enter -0- here, skip lines 11 through 15, and enter -0- on line 16 .....	<b>10</b>	<b>3,882.</b>										
<b>11</b>	Enter 3% of line 10 .....	<b>11</b>	<b>116.</b>										
<b>12</b>	Form W-2 wages (see instructions) .....	<b>12</b>	<b>109,716.</b>										
<b>13</b>	<table border="1"> <thead> <tr> <th>If you are a —</th> <th>Then enter the total Form W-2 wages from —</th> </tr> </thead> <tbody> <tr> <td><b>a</b> Shareholder....</td> <td>Schedule K-1 (Form 1120S), box 12, code R .....</td> </tr> <tr> <td><b>b</b> Partner .....</td> <td>Schedule K-1 (Form 1065), box 13, code V .....</td> </tr> <tr> <td></td> <td>Schedule K-1 (Form 1065-B), box 9, code S3 .....</td> </tr> <tr> <td><b>c</b> Beneficiary .....</td> <td>Schedule K-1 (Form 1041), box 14, code D .....</td> </tr> </tbody> </table>	If you are a —	Then enter the total Form W-2 wages from —	<b>a</b> Shareholder....	Schedule K-1 (Form 1120S), box 12, code R .....	<b>b</b> Partner .....	Schedule K-1 (Form 1065), box 13, code V .....		Schedule K-1 (Form 1065-B), box 9, code S3 .....	<b>c</b> Beneficiary .....	Schedule K-1 (Form 1041), box 14, code D .....	<b>13</b>	
If you are a —	Then enter the total Form W-2 wages from —												
<b>a</b> Shareholder....	Schedule K-1 (Form 1120S), box 12, code R .....												
<b>b</b> Partner .....	Schedule K-1 (Form 1065), box 13, code V .....												
	Schedule K-1 (Form 1065-B), box 9, code S3 .....												
<b>c</b> Beneficiary .....	Schedule K-1 (Form 1041), box 14, code D .....												
<b>14</b>	Add lines 12 and 13 .....	<b>14</b>	<b>109,716.</b>										
<b>15</b>	Form W-2 wage limitation. Enter 50% of line 14 .....	<b>15</b>	<b>54,858.</b>										
<b>16</b>	Enter the smaller of line 11 or line 15 .....	<b>16</b>	<b>116.</b>										
<b>17</b>	Domestic production activities deduction from cooperatives. Enter deduction from Form 1099-PATR, box 6 .....	<b>17</b>											
<b>18</b>	Expanded affiliated group allocation (see instructions) .....	<b>18</b>											
<b>19</b>	<b>Domestic production activities deduction.</b> Combine lines 16 through 18 and enter the result here and on Form 1040, line 35; Form 1120, line 25; Form 1120-A, line 21; or the applicable line of your return .....	<b>19</b>	<b>116.</b>										

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2005

## FEDERAL STATEMENTS

PAGE 1

CLIENT W5863

WILLINGHAM, INC.

91-1940932

7/12/06

08:59AM

STATEMENT 1  
FORM 1120, LINE 26  
OTHER DEDUCTIONS

AUTO AND TRUCK EXPENSES.....	\$	22,212.
INSURANCE.....		6,474.
LEGAL AND PROFESSIONAL.....		2,925.
MEALS AND ENTERTAINMENT.....		321.
MISCELLANEOUS.....		1,316.
OFFICE EXPENSE.....		8,036.
SMALLS TOOLS.....		3,042.
TRAVEL.....		26,557.
UTILITIES.....		6,093.
TOTAL	\$	<u>76,976.</u>

STATEMENT 2  
FORM 1120, LINE 29A  
NET OPERATING LOSS DEDUCTION

CARRYOVER GENERATED FROM YEAR END	12/31/01	\$	46,655.	
AMOUNT UTILIZED IN 2004			4,929.	
TOTAL UTILIZATION		\$	<u>4,929.</u>	
AVAILABLE FOR CARRYOVER TO 2005.....				41,726.
CARRYOVER GENERATED FROM YEAR END	12/31/02	\$	58,521.	
AVAILABLE FOR CARRYOVER TO 2005.....				58,521.
CARRYOVER GENERATED FROM YEAR END	12/31/03	\$	38,075.	
AVAILABLE FOR CARRYOVER TO 2005.....				38,075.
TOTAL NET OPERATING LOSS DEDUCTION.....		\$	<u>138,322.</u>	

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STATEMENT 3  
FORM 1120, SCHEDULE A, LINE 5  
OTHER COST OF GOODS SOLD

FREIGHT.....	\$	4,093.
TOTAL	\$	<u>4,093.</u>



2005

## FEDERAL STATEMENTS

PAGE 2

CLIENT W5863

WILLINGHAM, INC.

91-1940932

7/12/06

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**STATEMENT 4**  
**FORM 1120, SCHEDULE L, LINE 6**  
**OTHER CURRENT ASSETS**

	<u>BEGINNING</u>	<u>ENDING</u>
FUTA DEPOSIT.....	\$ 178.	\$ 639.
PREPAID FEDERAL TAX.....	0.	4,435.
<b>TOTAL</b>	<b>\$ 178.</b>	<b>\$ 5,074.</b>

**STATEMENT 5**  
**FORM 1120, SCHEDULE L, LINE 7**  
**LOANS TO SHAREHOLDERS**

	<u>BEGINNING</u>	<u>ENDING</u>
.....	\$ 0.	\$ 17,500.
<b>TOTAL</b>	<b>\$ 0.</b>	<b>\$ 17,500.</b>

**STATEMENT 6**  
**FORM 1120, SCHEDULE L, LINE 9**  
**OTHER INVESTMENTS**

	<u>BEGINNING</u>	<u>ENDING</u>
WILLINGHAM INVESTMENTS-TECH.....	\$ 0.	\$ 5,000.
WILLINGHAM OF CALIF.....	8,174.	8,174.
<b>TOTAL</b>	<b>\$ 8,174.</b>	<b>\$ 13,174.</b>

**STATEMENT 7**  
**FORM 1120, SCHEDULE L, LINE 18**  
**OTHER CURRENT LIABILITIES**

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	<u>BEGINNING</u>	<u>ENDING</u>
FUTA PAYABLE.....	\$ 633.	\$ 0.
<b>TOTAL</b>	<b>\$ 633.</b>	<b>\$ 0.</b>

**STATEMENT 8**  
**FORM 1120, SCHEDULE M-1, LINE 5**  
**BOOK EXPENSES NOT DEDUCTED**

PENALTIES.....		\$ 257.
<b>TOTAL</b>		<b>\$ 257.</b>



2005

FEDERAL STATEMENTS

PAGE 3

CLIENT W5863

WILLINGHAM, INC.

91-1940932

7/12/06

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STATEMENT 9  
FORM 1120, SCHEDULE M-1, LINE 8  
DEDUCTIONS NOT ON BOOKS

DOMESTIC PRODUCTION ACTIVITIES DEDUCTION.....	\$	116.
TOTAL	\$	<u>116.</u>

STATEMENT 10  
SCHEDULE D, LINE 4  
CAPITAL LOSS CARRYOVER

CARRYOVER FROM 2001.....	\$	7,658.
TOTAL CAPITAL LOSS CARRYOVER.....	\$	<u>7,658.</u>

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CLIENT W5863

WILLINGHAM, INC.

91-1940932

7/12/06

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## FEDERAL TAX COMPUTATION

1. TAXABLE INCOME (LINE 30, PAGE 1, FORM 1120)	\$	3,766.
2. SHARE OF \$50,000 TAX BRACKET		3,766.
3. SUBTRACT LINE 2 FROM LINE 1		0.
4. LESSER OF LINE 3 OR SHARE OF \$25,000 TAX BRACKET		0.
5. SUBTRACT LINE 4 FROM LINE 3		0.
6. LESSER OF LINE 5 OR SHARE OF \$9,925,000 TAX BRACKET		0.
7. SUBTRACT LINE 6 FROM LINE 5		0.
8. MULTIPLY LINE 2 BY 15%		565.
9. MULTIPLY LINE 4 BY 25%		0.
10. MULTIPLY LINE 6 BY 34%		0.
11. MULTIPLY LINE 7 BY 35%		0.
12. ADDITIONAL 5% TAX NOT TO EXCEED \$11,750		0.
13. ADDITIONAL 3% TAX NOT TO EXCEED \$100,000		0.
14. ADD LINES 8 THROUGH 13. SCHEDULE J, LINE 3		565.

COMPUTATION OF NET INCOME (LOSS) PER BOOKS  
FORM 1120, SCHEDULE M-1, LINE 1

INCOME (LOSS) PER RETURN (PAGE 1, LINE 28)	142,088.
INCREASES:	
DEDUCTIONS ON RETURN NOT RECORDED ON BOOKS (SCH. M-1, LINE 8)	116.
INCOME RECORDED ON BOOKS NOT INCLUDED ON RETURN (SCH. M-1, LINE 7)	0.
DECREASES:	
EXPENSES RECORDED ON BOOKS NOT DEDUCTED ON RETURN (SCH. M-1, LINE 5)	-577.
INCOME SUBJECT TO TAX NOT RECORDED ON BOOKS (SCH. M-1, LINE 4)	0.
EXCESS OF CAPITAL LOSSES OVER CAPITAL GAINS (SCH. M-1, LINE 3)	0.
FEDERAL INCOME TAX PER BOOKS (SCH. M-1, LINE 2)	-565.
COMPUTED NET INCOME (LOSS) PER BOOKS (SCH. M-1, LINE 1)	<u><u>141,062.</u></u>

## FORM 8903

## CALCULATION OF DPGR, TOTAL RECEIPTS, AND RATIO

1. DOMESTIC PRODUCTION GROSS RECEIPTS (DPGR) FROM THE CORPORATION'S ACTIVITIES	\$ 560,561.	\$ <u>560,561.</u>
2. TOTAL GROSS RECEIPTS GROSS SALES/RECEIPTS (NET)	\$ 560,561.	\$ <u>560,561.</u>
3. RATIO OF DPGR TO TOTAL GROSS RECEIPTS (LINE 1 / LINE 2)		<u><u>1.00000000</u></u>



2005

## FEDERAL WORKSHEETS

PAGE 2

CLIENT W5863

WILLINGHAM, INC.

91-1940932

7/12/06

08:59AM

## FORM 8903

## OTHER DEDUCTIONS ALLOCABLE TO DPGR (LINE 4)

COST OF GOODS SOLD FROM CORP'S ACTIVITIES

\$ 153,105.

TOTAL COST OF GOODS SOLD

\$ 153,105.

TOTAL DEDUCTIONS (FORM 1120, P1, LINE 28) BEFORE DPAD

\$ 265,252.

TOTAL DEDUCTIONS, EXPENSES, AND LOSSES

\$ 418,357.

RATIO OF DPGR TO TOTAL GROSS RECEIPTS

X 1.00000000

OTHER DEDUCTIONS ALLOCABLE TO DPGR

\$ 418,357.

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12/31/05

## 2005 FEDERAL DEPRECIATION SCHEDULE

PAGE 1

CLIENT W5863

WILLINGHAM, INC.

91-1940932

7/12/06

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NO.	DESCRIPTION	DATE ACQUIRED	DATE SOLD	COST/ BASIS	BUS. PCT.	CUR 179 BONUS	SPECIAL DEPR. ALLOW.	PRIOR 179/ BONUS/ SP. DEPR.	PRIOR DEC. BAL DEPR.	SALVAG /BASIS REDUCT	DEPR. BASIS	PRIOR DEPR.	METHOD	LIFE	RATE	CURRENT DEPR.
FORM 1120																
AUTO / TRANSPORT EQUIPMENT																
3	BUS	7/01/91		35,000				10,000			25,000	25,000	200DB HY	5		0
4	TRAILER	6/01/93		5,705							5,705	5,705	200DB HY	5		0
6	TRUCK	12/19/04		8,000				4,000			4,000	200	200DB MQ	5	.38000	1,520
8	AUTOMOBILE	6/20/05		12,235							12,235		S/L HY	5	.10000	1,224
TOTAL AUTO / TRANSPORT EQUIP				60,940		0	0	14,000	0	0	46,940	30,905				2,744
FURNITURE AND FIXTURES																
1	FURNITURE	7/21/88		1,000							1,000	1,000	200DB HY	7		0
TOTAL FURNITURE AND FIXTURE				1,000		0	0	0	0	0	1,000	1,000				0
MACHINERY AND EQUIPMENT																
2	SEWING MACHINE	11/01/90		4,380				4,380			0		200DB HY	7		0
5	COMPUTER	9/01/97		5,693							5,693	5,693	200DB HY	5		0
7	FORK LIFT	8/05/05		3,500							3,500		200DB HY	5	.20000	700
TOTAL MACHINERY AND EQUIPME				13,573		0	0	4,380	0	0	9,193	5,693				700
TOTAL DEPRECIATION				75,513		0	0	18,380	0	0	57,133	37,598				3,444
GRAND TOTAL DEPRECIATION				75,513		0	0	18,380	0	0	57,133	37,598				3,444

COPY